



Report
Staff Report
The Corporation of the City of Brampton
10/22/2025

Date: 2025-10-22

Subject: **Development Charges Incentive Program to support Purpose-Built Rental –Options for Payback and Program Amendments**

Contact: Steve Ganesh, Commissioner, Planning, Building & Growth Mgmt.
Nash Damer, Treasurer, Corporate Support Services

Report number: Corporate Support Services-2025-817

RECOMMENDATIONS:

1. That the report from Steve Ganesh, Commissioner, Planning, Building & Growth Management and Nash Damer, Treasurer, Corporate Support Services to the Committee of Council Meeting of October 22, 2025, re: **Development Charges Incentive Program to support Purpose-Built Rental – Options for Payback and Program Amendments**, be received;
2. That the proposed PBR guidelines and refinements to the PBR Development Charges (DC) Incentive Program, including the delegation of authority to the Commissioner, Planning, Building & Growth Management, in consultation with the CAO, to extend the 30 month occupancy limit to a maximum of 36 months, be approved by Council;
3. That Council direct staff to utilize incremental assessment growth revenues generated from the incentivized Purpose-Built Rental (PBR) developments to recover foregone Development Charges (DC) revenues;
4. That Council advocates for Provincial and Federal funding in support of Brampton's PBR DC Incentives program that can be utilized towards accelerating the recovery of foregone Development Charges (DC) revenues; and
5. That Council enact a By-law in the form attached to this report to further amend By-law 167-2025 to better align with Council's directions, to clarify eligibility requirements, to implement the authority recommended to be delegated herein and to otherwise confirm By-law 167-2025 as in force unamended.

OVERVIEW:

- **Despite strong market demand, Brampton has experienced limited growth in the supply of purpose-built rental (PBR) housing, resulting in vacancy rates below 3% and continued reliance on the secondary rental market. Over the past 15 years, the City has averaged fewer than 160 new PBR units per year.**
- **The Purpose-Built Rental Development Charges (DC) Incentive Program as shown in Appendix III is intended to significantly stimulate new rental development that would not otherwise be expected to occur under typical Brampton market conditions. The resulting incremental development will generate new assessment growth that would incrementally expand the City's tax base and as such support repayment of the corresponding foregone DC revenues.**
- **On September 24, 2025, Council approved the Development Charges Incentive Program for Purpose-Built Rental Housing, with amendments including an extension of the occupancy timeline to “up to 30 months” and establishment of a 2,000-unit program cap. Council also directed staff to report back with options for repayment of the foregone DC revenues.**
- **Following Council's direction and additional consultation with industry stakeholders, staff recommend delegating authority to the Commissioner, Planning, Building and Growth Management, in consultation with the CAO, to approve one or more extensions beyond the current 30-month occupancy limit, up to a maximum of 36 months. This discretion would apply in cases such as larger projects that demonstrate good faith and a clear intent to commence construction as soon as possible.**
- **This report recommends corresponding amendments to the Development Charges By-law 167-2025 to delegate such authority and clarify eligibility requirements under the PBR DC Incentive Program.**
- **Repayment options for the foregone DC revenues include using incremental assessment growth generated from the incentivized PBR developments, along with the potential to apply any secured external funding from Provincial or Federal programs, including but not limited to future installments of the Housing Accelerator Fund (HAF).**
- **Once the foregone DC revenues have been fully repaid, the incremental assessment growth from the incentivized PBR developments would thereafter flow into the general tax base.**

BACKGROUND:

Despite strong demand, purpose-built rental (PBR) housing has remained a very small share of Brampton's total housing supply. Over the past 15 years, the City has averaged fewer than 160 new PBR units per year, as shown by Historical Rental Completions in Appendix I. This limited growth has kept vacancy rates below 3%, forcing many residents to rely on the secondary rental market, primarily through additional residential units. The planning data demonstrates that, without targeted municipal incentives, PBR development has not occurred at a meaningful scale.

The Purpose-Built Rental Development Charges (DC) Incentive Program, as outlined in Appendix III, is designed to significantly stimulate new rental development that would not otherwise proceed under current market conditions. The resulting incremental development will generate new assessment growth, expand the City's tax base and supporting repayment of the corresponding foregone DC revenues.

On September 24, 2025, Council approved the Development Charges Incentive Program for Purpose-Built Rental Housing (C167-2025), with amendments including extending the occupancy timeline from 18 months to up to 30 months, imposing a cap of 2,000 units, and directing staff to report back on potential options for payback of the foregone Development Charges revenues.

Working through recent applications and reviewing the PBR Development Charges Incentive Program has highlighted the need to better define and clarify certain eligibility requirements. These refinements are necessary to eliminate ambiguity and avoid challenges in implementing the program. Therefore, the current By-law 167-2025 requires updates to better reflect Council's intent and support effective administration.

CURRENT SITUATION:

This report provides a response to Council on a few key elements of the PBR Development Charges Program, namely:

- Options for Repayment of Foregone DC Revenue, and
- Recommended Amendments to the Development Charges By-law 167-2025

Options for Repayment of Foregone DC Revenue

Under the *Development Charges Act*, 1997, municipalities are not permitted to recover foregone revenue from discretionary (non-statutory) DC exemptions by increasing development charges for other developments. Any actual shortfall in the capital costs necessary to provide growth-related increases in services resulting from such exemptions must therefore be funded from non-DC sources, such as property taxes or external funding from other levels of government.

The following section provides an overview of the identified viable options for the repayment of the foregone DC revenues.

1. *Repayment through Incremental Assessment Growth Revenues*

The PBR Development Charges Incentive Program as shown in Appendix III is intended to significantly stimulate new rental development that would not otherwise be expected to occur under typical Brampton market conditions. The resulting incremental development will generate new assessment growth, incrementally expand the City's tax base and as such be available to support repayment of the corresponding foregone DC revenues without impacting the operational funding requirements.

Once the foregone DC revenues have been fully repaid, the incremental assessment growth from the incentivized PBR developments would thereafter flow into the general tax base.

Assessment growth from the 2,000 units is estimated to range between \$2.05 million and \$2.2 million, representing the City of Brampton's share. The exact amount will depend on the unit mix, as larger units typically generate higher property assessments compared to smaller units. Based on these estimates, the accompanying table outlines projected payback periods for three scenarios.

The low scenario reflects developments with a higher proportion of smaller units, such as studios and one-bedroom apartments. These units receive lower DC discounts under the Act and program and also generate lower property tax assessment growth.

The high scenario assumes a greater share of larger units, primarily two- and three-bedroom apartments within mixed-use buildings. This scenario results in significantly higher DC discounts but also produces greater property tax assessment growth. Despite this higher growth, the payback period is not equivalent to the increase in assessment because the discount amount is substantially larger, requiring more time to offset even with higher annual contributions.

The medium scenario represents a balanced mix of unit sizes, producing a moderate overall discount level and corresponding property tax growth.

2000 Units	Low	Medium	High
Discount	\$17,547,996	\$23,566,017	\$36,763,316
Payback Period (Years)	7	9	14

2. *Advocacy and External Housing Funding Support*

In 2023, the City secured \$114.5 million in grant funding through an agreement with the federal government under HAF. The funding is structured to be distributed over four annual installments of approximately \$28.6 million each. To date, the first two installments, along with a portion of the anticipated third installment, have been fully committed to eligible housing-related projects. To qualify for the full \$28.6 million each year, the City is evaluated annually based on:

- Annual performance in achieving HAF actions and deliverables originally agreed upon, and
- On meeting the City's annual new housing supply target.

As a result, the total amount Brampton will receive in each instalment is unknown.

Based on current allocations and assuming the City continues to receive funding consistent with previous installments, approximately \$21.9 million would remain available from future HAF disbursements. The Canada Mortgage and Housing Corporation (CMHC) has confirmed that HAF funds can be applied toward covering DC reductions or waivers. Council could choose to allocate this remaining funding toward repaying foregone DC revenues.

Recommended Repayment Approach

Staff recommend that incremental assessment growth revenues generated from incentivized Purpose-Built Rental (PBR) developments be utilized to recover foregone Development Charges (DC) revenues. Staff further recommend that Council advocates for Provincial and Federal funding in support of Brampton's PBR DC Incentives program that can be utilized towards accelerating the recovery of foregone Development Charges (DC) revenues. If successful, Council may choose to apply such funding toward offsetting the foregone DC revenues to reduce the overall payback period.

Recommended Amendments to Development Charges By-law 167-2025

This report also recommends amendments to Development Charges By-law 167-2025 to allow an extension of the current 30-month occupancy limit to a maximum of 36 months and clarifying eligibility requirements for the Purpose-Built Rental (PBR) Development Charges Incentive Program.

Proposed Amendments:

1. *Delegation of Authority*

Since the program was approved on September 24th, concerns were raised through consultations with rental housing providers and industry associations about the program's occupancy timeline requirements. The original 30 month

occupancy requirement was seen as restrictive, as high-rise developments can take longer to build, particularly given construction delays tied to supply chain disruptions and financing conditions.

Following these consultations, staff are recommending delegating authority to the Commissioner, Planning, Building & Growth Management, in consultation with the CAO, to determine one or more extension(s) beyond the established 30-month occupancy limit for up to 36 months. This expedites administration without requiring further Council approvals, where circumstances warrant. This discretion would apply in cases such as larger projects that demonstrate good faith and a clear intent to commence construction as soon as possible.

2. *Definition of Non-Residential Use*

Revise the language to specify that non-residential use refers to commercial or office uses and does not include spaces accessory to residential such as amenity areas, corridors, waste rooms, or other residential-related facilities. This ensures that the incentive is targeted toward developments with meaningful mixed-use components, rather than buildings where ground-floor space is primarily for residential support functions.

3. *66% Threshold Incentive*

Replace the existing clause with refined wording to prevent unintended benefits for smaller sized units. The wording in the signed By-law for the last category of DC reductions could result in ambiguity or unintended interpretations. The original Council resolution on September 10 intended that if 66% or more of the units in a building qualify for one of the incentive rates, the remaining units should receive that same rate unless they qualify for a higher rate.

The detailed changes are reflected in Appendix II - Amendment to DC By-law 167-2025 and incorporated into the PBR Development Charge (DC) Incentive Program guidelines in Appendix III.

PBR Program and Application Status Update

Since presenting the By-law to Council, there has been significant industry interest in participating in the new PBR Development Charges Incentive Program. In order to qualify for the program, the applicant must submit a Letter of Intent to receive the DC reductions along with their building permit application. Once the building permit application is accepted by the Building Department, City staff review the project against the program eligibility criteria before confirming approval or ineligibility.

At the time of drafting this report, one application consisting of 400 units and one application consisting of 700 units have been conditionally approved to receive DC reductions through the PBR program. Several other projects have expressed interest

but have not yet submitted complete building permit applications. Details of all confirmed and interested projects, along with the remaining capacity under the 2,000-unit cap, are provided in Appendix IV.

A program administration guide has been created to support applicants and provide a transparent application process. The program administration guide is included in this report as Attachment III and will be available on the City's website.

CORPORATE IMPLICATIONS:

Financial Implications:

The proposed amendments and incentive program will result in foregone Development Charges (DC) revenue estimated between \$17.5M and \$36.7M for 2,000 units, depending on unit mix.

Council may consider allocating incremental assessment growth revenues generated from PBR developments. Assessment growth is estimated to be between \$2.05 million and \$2.2 million annually, with a 2% annual increase. Based on this approach, payback periods would range from 7 years under the low-discount scenario to 14 years under the high-discount scenario, reflecting differences in unit mix and corresponding DC reductions.

An additional potential approach to address the repayment of foregone Development Charges (DC) revenues is to advocate for and leverage external funding opportunities, including the current or potentially expanded federal Housing Accelerator Fund (HAF) as well as other and potentially new provincial or federal housing programs.

Considerations:

Legal Implications:

Agreements under the incentive program will be updated to reflect the proposed amendments to By-law 167-2025. Legal Services will review as to form.

Communications Implications:

Updates to program eligibility criteria and any repayment requirements will be communicated publicly via the City's webpage and developer outreach.

STRATEGIC FOCUS AREA:

This report supports Council's strategic priority of Growing Urban Centres & Neighbourhoods by enabling timely delivery of purpose-built rental housing while balancing financial sustainability.

CONCLUSION:

Staff recommend delegating limited authority to extend occupancy timelines and providing Council with payback options to support the effectiveness of the Purpose-Built Rental Incentive Program. These measures ensure the program can be implemented fairly, efficiently, and in line with market conditions.

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Attachments:

- Attachment 1 – Appendix I - Brampton – Historical Rental Completions
- Attachment 2 – Appendix II - Amendment to DC By-law 167-2025
- Attachment 3 – Appendix III – PBR Development Charge (DC) Incentive Program
- Attachment 4 – Appendix IV - PBR DC Incentive Program Applications